

## Message Text

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ACTION PM-03

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RSC-01 SP-02 AID-05 L-02 EB-07 EUR-12 SS-15 NSC-05

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3385

INFO CNO

COMUSNAVSO FORT AMADOR CZ

DIA WASHDC

C O N F I D E N T I A L QUITO 7864

E.O. 11652: GDS

TAGS: MASS EC

SUBJECT: MODERNIZATION OF THE ECUADOREAN NAVY

REQUEST CNO PASS TO OP-61 AND OP-63

1. RECENT DISCUSSIONS BY NAVATT WITH RADM VASQUEZ, COMMANDER OF THE ECUADOREAN NAVY, CONCERNING THE ECUADOREAN NAVY'S EFFORTS AT MODERNIZATION, HAVE SERVED TO FOCUS ON VASQUEZ' CONSIDERABLE DISAPPOINTMENT AT THE RESULT OF THE ECUADOREAN NAVY'S ATTEMPTS TO PURCHASE MODERN SHIPS AND EQUIPMENT FROM FREE WORLD SOURCES IN ENGLAND AND GERMANY. THIS DISAPPOINTMENT STEMS IN A LARGE PART FROM HIGH COSTS ASSOCIATED WITH NEW CONSTRUCTION AND UNRELIABILITY OF DELIVERY DATES, ETC. A RECENT EXAMPLE IS THE ECUADOREAN NAVY'S NEGOTIATIONS FOR THE PURCHASE OF TWO FRIGATES FROM YARROW SHIPBUILDING COMPANY IN GLASGOW, SCOTLAND. THESE NEGOTIATIONS HAVE NOT REACHED A SUCCESSFUL CONCLUSION DUE TO A CLAUSE IN PURCHASING CONTRACT WHICH ALLOWS FOR AN INCREASE IN THE FINAL COST TO COVER INFLATION OVER THE THREE-YEAR CONSTRUCTION PERIOD. ADDITIONALLY, ALTHOUGH THE ECUADOREAN NAVY HAS PURCHASED TWO 1,000 TON NEW-CONSTRUCTION SUBMARINES FROM GERMANY, TRAINING OF CREWS TO MAN THESE TWO SUB-

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MARINES APPARENTLY WAS NOT PART OF THE DEAL. ECUADOR HAS

THEREFORE TURNED TO CHILE TO PROVIDE THE NECESSARY TRAINING, AND NAVATT GOT IMPRESSION FROM TALKING WITH RADM VASQUEZ THAT THINGS ARE NOT GOING TOO WELL ON THAT FRONT. ECUADOR IS NOW CONSIDERING TURNING TO GERMANY FOR SUBMARINE TRAINING.

2. THE ABOVE FACTS HIGHLIGHT THE PROBLEMS NOW FACING THE ECUADOREAN NAVY IN ITS ATTEMPTS AT MODERNIZATION. THE END RESULT IS THAT RADM VASQUEZ AND HIS STAFF HAVE NOW EXPRESSED A DESIRE FOR HELP FROM THE U.S. NAVY FOR NEW-CONSTRUCTION SUPPORT, TRAINING, AND MATERIEL. IN ORDER TO PROVIDE A STARTING POINT, WE HAVE ASKED RADM VASQUEZ TO PROVIDE US WITH A LIST OF HIS REQUIREMENTS. RADM VASQUEZ AND HIS STAFF ARE PRESENTLY PREPARING A LIST OF ITEMS WHICH INCLUDES REQUIREMENTS FOR NEW SHIP CONSTRUCTION TO BE PRESENTED ON OR ABOUT 20 NOVEMBER 1974 TO THE EMBASSY FOR TRANSMITTAL TO WASHINGTON. NEW CONSTRUCTION PRIORITY CONSISTS OF SIX DD-TYPE 2100-TON DESTROYERS TAILORED TO ECUADOREAN REQUIREMENTS. IT HAS BEEN EMPHASIZED THAT NEW CONSTRUCTION REQUIREMENTS SHOULD BE TAILORED TO EXISTING TYPE HULLS IN ORDER TO KEEP THRE PRICES REASONABLE.

3. RADM VASQUEZ HAS SAID THAT THE ECUADOREAN NAVY HAS NO REQUIREMENTS FOR REPLACEMENT PARTS FOR EXISTING LARGE SHIPS, AS ECUADOREAN NAVY HAS DETERMINED THAT REPAIR OF THE EXISTING INVENTORY OF LARGE SHIPS IS A WASTE OF MONEY.

4. THE ECUADOREAN NAVY IS NOW CONSIDERING THE PURCHASE OF AN LST 1150 FROM THE INACTIVE US NAVY FLEET AND IS ALSO CONSIDERING PURCHASES OF AMMUNITION, TORPEDOS, ETC. A DESIRE TO DISCUSS UPDATING THE INTER-AMERICAN TELECOMMUNICATIONS NETWORK HAS ALSO (AT LAST) BEEN VOICED.

5. IN SUMMARY, THE ECUADOREAN NAVY IS NOW ACTIVELY SEEKING UNITED STATES NAVY ASSISTANCE IN MODERNIZING ITS FLEET. THIS IS A COMPLETE CHANGE IN ATTITUDE ON THEIR PART. THEY HAVE STATED THAT THEY DO NOT WANT TO BUY SHIPS WHICH ARE BEYOND ECONOMICAL REPAIR, NOR WHICH OBVIOUSLY CANNOT MEET THEIR NEEDS. IN THE CASE OF THE LST, THIS SHIP IS SORELY NEEDED BY THEIR NAVY AND IF IT CAN BE REACTIVATTED AT A  
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MINIMUM COST, WE ARE REASONABLY SURE THEY WILL BUY IT. THEY ARE EXTREMELY ANXIOUS TO LEARN THE NAME OF THE DESTROYER WHICH IS GOING TO BE OFFERED TO THEM AND TO FIND OUT, OF COURSE, WHEN AND IF THEY ARE GOING TO BE OFFERED A SECOND DESTROYER. THESE TWO DESTROYERS ARE REGARDED AS FILLING THE GAP UNTIL RECEIPT OF NEW CONSTRUCTION SHIPS.

6. COMMENT: IT BEGINS TO LOOK AS IF  
RADM VASQUEZ, HAS FINALLY COME FACE TO FACE WITH  
FACTS: NAMELY, THAT WE ARE THE ONLY ONES THAT CAN GET  
HIS "FLEET" AFLOAT. RADM VASQUEZ NOW WANTS THE ASSISTANCE  
OF THE U.S. NAVY. HE SEEMS TO HAVE COME TO THE REALIZA-  
TION THAT THE ONLY WAY TO BUSINESS IS BY A PACKAGE  
DEAL CONSISTING OF MATERIALS, TRAINING AND SUPPORT, THUS  
DROPPING HIS PREVIOUS INSISTENCE ON "ALL OR NOTHING".  
ADDITIONALLY, RADM VASQUEZ HAS STATED THAT REGARDLESS OF  
THE POLITICAL ATMOSPHERE NOW OR IN THE FUTURE, HE FEELS  
VERY STRONGLY THAT THE U.S. NAVY'S ASSISTANCE IS ESSENTIAL  
IF THE ECUADOREAN NAVY IS GOING TO FULFILL ITS OBJECTIVE  
OF MODERNIZATION. IT WILL BE INTERESTING TO SEE WHAT HE  
COMES UP WITH ON NOVEMBER 20 FOR OUR REVIEW.  
BREWSTER

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